



APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS
OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office

JUL 02 2012

Returned to applicant for correction

Corrected application filed

Map filed Dec 16 1999 under 65729

South Truckee Meadows General Improvement District, a body corporate and politic and quasi-municipal
The applicant corporation organized under Chapter 318, Nevada Revised Statutes

P.O. Box 11130

of Reno

Street Address or PO Box

City or Town

Nevada 89520

State and ZIP Code

hereby make(s) application for permission to change the

☒ Point of diversion☒ Place of use☒ Manner of use☒ of a portion

of water heretofore appropriated under (Identify existing rights by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit No. 25335, Cert. 8477

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1. The source of water is Galena Creek

Name of stream, lake, underground, spring or other sources.

2. The amount of water to be changed 36.96 acre feet

Second feet, acre-feet. One second foot equals 448.83 gallons per minute.

3. The water to be used for Recreation (Golf Course Irrigation)

Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use

4. The water heretofore used for As Decreed

If for stock, state number and kind of animals.

5. The water is to be diverted at the following point (Describe as being within a 40-acre subdivision of public survey and by course and distance to a found section corner. If on unsurveyed land, it should be stated.)

Please refer to the attached Exhibit "A". Please refer to the map filed in support of Permit No. 65729.

6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)

the SW 1/4 of the NW 1/4 of Section 8, T 17N, R 20E, M.D.B.&M., or at a point from which the West quarter corner of said Section 8 bears South 51°54'30" West a distance of 808.12 feet. Please refer to map filed in support of Permit No. 25335.

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)

Please refer to the attached Exhibit "B".

8. Existing place of use (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)

Please refer to the attached Exhibit "C".

9. Proposed use will be from January 1 to December 31 of each year.
Month and Day Month and Day

10. Existing use permitted from As Decreed to As Decreed of each year.
Month and Day Month and Day

11. Description of proposed works. (Under the provision of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) (State manner in which water is to be diverted, i.e., diversion structure, ditches, pipes and flumes or drilled well, pump and motor, etc.)

Water will be diverted from Galena Creek through an intake structure and pipeline into ponds and distributed through the golf course irrigation system.

12. Estimated cost of works N/A

13. Estimated time required to construct works N/A

If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use N/A

15. Provide a detailed description of the proposed project and its water usage (use attachments if necessary): (Failure to provide a detailed description may cause a delay in processing.)

As in previous years, this water will be leased to Montreux Golf Club, Ltd. for irrigation of the golf course.

16. Miscellaneous remarks:

vbehmaram@washoecounty.us

E-mail Address

(775) 954-4600

Phone No.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Vahid Behmaram

Type or print name clearly



Signature, applicant or agent

Washoe County Department of Water Resources

Company Name

P.O. Box 11130

Street Address or PO Box

Reno, NV 89520

City, State, ZIP Code

Exhibit "A"
Proposed Points of Diversion

Point of Diversion #1 (South Diversion Point)

The SE ¼ of the SE ¼ of Section 3, T 17N, R 19E, M.D.B.&M., or at a point from which the Southeast corner of said Section 3 bears South 53°05' East, a distance of 962.0 feet.

Point of Diversion #2 (North Diversion Point)

The SE ¼ of the SW ¼ of Section 3, T 17N, R 19E, M.D.B.&M., or at a point from which the Southwest corner of said Section 3 bears South 88°18' West, a distance of 1,746.0 feet

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Exhibit "B"
Proposed Place of Use

Section 2, T 17N, R 19E, M.D.B.&M.

NW ¼ SW ¼ 6.65 acres
SW ¼ SW ¼ 6.98 acres
NE ¼ SW ¼ 2.31 acres
SUBTOTAL 15.94 acres

Section 3, T 17N, R 19E, M.D.B.&M.

NW ¼ SW ¼ 2.80 acres
SW ¼ SW ¼ 10.30 acres
NE ¼ SW ¼ 5.79 acres
SE ¼ SW ¼ 8.95 acres
SW ¼ NE ¼ 2.45 acres
SE ¼ NE ¼ 7.54 acres
NW ¼ SE ¼ 1.57 acres
SW ¼ SE ¼ 4.89 acres
NE ¼ SE ¼ 29.90 acres
SE ¼ SE ¼ 3.69 acres
SUBTOTAL 77.88 acres

Section 11, T 17N, R 19E, M.D.B.&M.

NW ¼ NW ¼ 7.24 acres
SW ¼ NW ¼ 3.20 acres
SUBTOTAL 10.44 acres

GRAND TOTAL 104.26 acres

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Exhibit "C"

Existing Place of Use under Permit No. 25335, Cert. 8477

7.5 acres in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21, T 18N, R 20E, M.D.B.&M.
6.9 acres in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22, T 18N, R 20E, M.D.B.&M.
28.3 acres in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22, T 18N, R 20E, M.D.B.&M.
3.2 acres in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, T 18N, R 20E, M.D.B.&M.
25.1 acres in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, T 18N, R 20E, M.D.B.&M.
0.5 acres in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, T 18N, R 20E, M.D.B.&M.
34.6 acres in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T 18N, R 20E, M.D.B.&M.
12.5 acres in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T 18N, R 20E, M.D.B.&M.
0.9 acres in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T 18N, R 20E, M.D.B.&M.
4.7 acres in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 28, T 18N, R 20E, M.D.B.&M.
124.2 Acres Total

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LEASE OF WATER RIGHTS

THIS Agreement is entered into this 14th day of July, 2009, by and between MONTREUX GOLF CLUB, LTD, a Nevada limited liability company, hereinafter referred to as "Lessee"; and the South Truckee Meadows General Improvement District, a body corporate and politic and quasi-municipal corporation organized under Chapter 318, Nevada Revised Statutes ("STMGID"), hereafter referred to as "Lessor". Where both entities are referenced collectively, they will be referred to collectively as "the Parties" and individually as a "Party".

WHEREAS, Lessor holds title to 36.96 acre feet of surplus Galena creek water rights that are not needed for Lessor's purposes at this time; and

WHEREAS, Lessee owns and operates the Montreux Golf Club (the "Golf Course") in Washoe County and irrigates the Golf Course with available Galena Creek water; and

WHEREAS, Lessor desires to make these certain creek water rights available to Lessee in order to ensure that Lessee has adequate water for irrigation of the Golf Course; and

WHEREAS, Lessee promotes and encourages economic activities by hosting and promoting golf events at its Golf Course; and

WHEREAS, the Parties hereto desire to define the terms of lease, use, reservation and define the payments for the utilization of the referenced amount of creek water rights in order to promote and encourage tourism in our area; and

WHEREAS, Lessor has the right and ability to lease surplus property under Nevada Revised Statute 244.2815 when the property will be used to support, retain or expand commercial enterprises or facilities within the County, and Lessor hereby finds that it is in the best interest of the public to lease the Water Rights to Lessee; and

WHEREAS, the Parties expressly intend and agree that the foregoing recitals be incorporated into this Agreement and such recitals shall be interpreted in conjunction with the Agreement's operative provisions.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereto agree as follows:

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1. WATER RIGHTS. Lessor hereby leases and makes available to Lessee, each year for the term or terms of this Agreement, 36.96 acre feet of Galena Creek surface water rights, being a portion of certain claims described by the Orr Ditch Decree, U.S. vs Orr Ditch Water Company, et al., Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and changed by certain permits and certificates issued by the Nevada State Engineer. The Galena Creek surface water rights are more particularly described in Exhibit A, attached hereto and incorporated herein by reference, ("Water Rights"). Lessee may use the Water Rights to supplement its existing water availability for the limited purpose of irrigating the Golf Course, subject to termination of this Agreement as set forth herein. Lessee shall not divert more than the quantity of Water Rights identified in Exhibit A in any year of the Agreement. The Lessee shall have no right to accumulate water rights or diversion rights that are not used in any year of any term of the Agreement and carry those rights over to any subsequent year of any term of the Agreement.

2. NO WARRANTIES OR REPRESENTATIONS. Lessor provides Lessee with no warranties or representations regarding the status of the Water Rights, the cost or feasibility of use, or the usability thereof for the intended purpose of irrigating the Golf Course. Lessor shall not be responsible for drought conditions, permitted uses and approvals of the Nevada State Engineer or the Federal Water Master and any other circumstance which may impair the Water Rights or prohibit Lessee from using the Water Rights for irrigation of the Golf Course. The Water Rights are leased and optioned "as is" and "where is", and Lessor shall not be liable for any damage to Golf Course caused by Lessee's use of the Water Rights for irrigation purposes. All costs of the water rights applications or other approvals shall be Lessee's sole responsibility.

3. LEASE TERM.

3.1 Initial Lease Term. This Agreement shall become effective upon full execution by the Parties ("Effective Date") and shall remain in effect for an initial lease term ending December 31, 2014, unless sooner terminated under the terms and conditions provided herein.

3.2 Renewal Lease Term. Lessor hereby grants to Lessee one (1) renewal lease term to extend this Agreement by an additional sixty (60) months under the same conditions as provided herein. The right to an additional lease term of sixty (60) months is

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subject to written notice being provided by Lessee to Lessor a minimum of 120 days prior to the expiration of the initial lease term and subject to approval by Lessor's Director of the Department of Water Resources.

4. **TITLE.** Title to the Water Rights shall remain in Washoe County's name who retains title on behalf of the Lessor. Lessor shall authorize the Federal Water Master to allow delivery of the Water Rights to Lessee's Golf Course only. Lessor hereby authorizes Lessee to file a temporary change application (the "Water Application") for temporary use on the Golf Course only; Lessee shall provide Lessor the right to review, alter, amend and approve the Water Application prior to submittal to the Nevada State Engineer. Upon termination of this Agreement, all rights to the use of the Water Rights, which are the subject matter of this Agreement shall immediately cease and revert to the Lessor.

5. **LEASE PAYMENTS.** Lessee shall pay, concurrently with the execution of this Agreement, as an initial annual lease payment the sum of \$8,452.33 Dollars from the Effective Date of this Agreement to December 31, 2009. This sum is based on the amount of \$37.50 per acre foot per month (or \$450.00 per acre-foot per year) of Water Rights for irrigation purposes, as allowed in the Water Application. If for any reason the amount of Water Rights is reduced or discounted by the State Engineer in the Water Application, then the annual lease payment shall be adjusted accordingly and any overpayment shall be refunded to Lessee. Thereafter, on or before the 1st of January for each year of the Agreement's initial lease term and any renewal thereof Lessee agrees to pay to Lessor without offset or demand the annual lease payment, including a rate of one and one-half percent (1 1/2%) rate increase in the annual lease payment amount for each subsequent year of any term.

Montreux Lease Payment Schedule		
Lease Period	Lease Payment	Remarks
July 14, 2009 through December 31, 2009	\$8,452.33	Base rate prorated per agreement
January 1, 2010 Through December 31, 2010	\$16,881.48	Includes 1.5% increase per agreement
January 1, 2011 Through December 31, 2011	\$17,134.70	Includes 1.5% increase per agreement
January 1, 2012 Through December 31, 2012	\$17,391.72	Includes 1.5% increase per agreement
January 1, 2013 Through December 31, 2013	\$17,652.60	Includes 1.5% increase per agreement
January 1, 2014 Through December 31, 2014	\$17,917.39	Includes 1.5% increase per agreement

Any lease payment that is made 15 days or more after January 1st in any subsequent year shall accrue interest at the rate of 18% per annum of the delinquent lease payment amount

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from the date due until paid, in addition to all other costs and fees, including attorney's fees, associated with collection and recovery of delinquent amounts owed to Lessor. Except for any proration specified in Subsections 8.4 and 8.5, Lessor shall have no obligation to reimburse the Lessee for the amount of money paid to Lessor with respect to any Water Rights that Lessee does not use within any year or lease term of the Agreement.

6. LIABILITY AND INDEMNIFICATION.

6.1 Lessee hereby indemnifies Lessor, its officers, employees, servants and agents and agrees to hold them harmless against all claims, demands, damages, personal injury, illness, death, property damage or loss incurred by any person as a result of or in connection with Lessee's activities related to, and use of, the Water Rights hereunder.

6.2 Lessee shall comply with all state, federal and local laws and regulations applicable to the subject matter of this Agreement. Lessee shall not inject, or permit to be injected, any water or other substances or elements into or through any creek or aquifers or underground formations through wells which are connected hydrologically with existing creeks or springs.

7. DEFAULT. In the event Lessee defaults in the payment of money in the amounts identified in Section 5 above and does not cure said default within thirty (30) days after written notice, Lessor may re-take possession of the Water Rights, and, at its discretion, apply those Water Rights to other uses. Lessor's re-taking possession of the Water Rights and application to other uses shall terminate this Agreement and the amounts due under Section 5 for the annual lease payment in the year of the re-taking shall nevertheless be owed to Lessor.

8. TERMINATION. Except as otherwise provided in Section 7 above, this Agreement may be terminated upon the occurrence of any of the following:

8.1. The mutual consent of the Parties;

8.2. Lessee may elect to terminate this Agreement, effective on the expiration date of the then effective term with ninety (90) days advance written notice to Lessor;

8.3 Lessor, in its sole discretion, may terminate this Agreement for its own need, utilization and control of the Water Rights, without penalty or damages by providing ninety (90) day advance written notice to Lessee of such need and termination;

8.4 The denial by the Nevada State Engineer of a Water Application, in which case this Agreement shall be automatically terminated and any annual lease payment for

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the year in which the denial occurs which has been made by Lessee shall either be fully refunded prior to use of the Water Rights or be pro-rated for the period Water Rights are used until such denial; and

8.5 The Parties hereto agree that, in the event of Lessor's termination or the Parties' mutual termination of this Agreement (and not as a result of Lessee's default under Section 7) during an effective lease term, reimbursement of a pro-rated amount of the lease payment will be triggered, if payment has already been made, and any further obligations of the parties hereto shall cease to be in effect from that termination date forward, except that any unpaid delinquent payments, and penalties and interest due and owing Lessor, and indemnification rights or other similar rights accruing thereto, shall survive the termination of this Agreement. Any proration of lease payments shall be made by Lessor within thirty (30) days of the effective termination date and shall be based on the irrigation season for Water Rights usage, not the calendar year, which season begins on April 15th and ends on October 15th (a six-month period). For example, if the effective termination date occurs before April 15th, the full annual lease payment shall be refunded, but if the effective termination date occurs after October 15th, no refund would be made. By further example, if the effective termination date were July 15th, three months of the six months irrigation season would be expended and the proration would therefore be one-half (1/2) of the annual lease payment made.

9. MISCELLANEOUS PROVISIONS.

9.1 Time is of the essence. Time is of the essence of this Agreement.

9.2 Notice. Any notices, requests, or instruction from one party to be given to the other shall be given in writing and either mailed by certified mail with return receipt requested or transmitted by facsimile with confirmed receipt as follows:

LESSEE:

Montreux Golf Club, Ltd.
c/o Sam S. Jaksick Jr.
16475 Bordeaux Dr.
Reno, NV 89511
(Fax) 775-826-5521

LESSOR:

South Truckee Meadows GID
c/o Water Resources, Director
4930 Energy Way
Reno, NV 89520
(Fax) 775-954-4610

Either party may change its address by providing prior written notice to the other party.

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9.3 Service of Notice. Except as otherwise set forth herein, service of any such notice or demand made by mail shall be deemed completed on the day of actual delivery or upon personal delivery.

9.4 Entire Agreement. The Agreement contains the entire agreement between the parties hereto and superseded any and all prior agreements, arrangements or understandings regarding the same subject matter as this Agreement, which are null and void.

9.5 Choice of Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Nevada, and any venue for any such action shall be in Washoe County, Nevada.

9.6 Written Amendments. This Agreement may not be modified, amended, altered or changed in any respect whatsoever except by further agreement in writing, duly authorized and executed by both parties. No oral statements or representations subsequent to the execution hereof by either party are binding on the other party, and neither party shall have the right to rely on such oral statements or representations.

9.7 Successors/Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns. Lessor may assign its rights under this Agreement at will. Except for a successor owner of the Golf Course, who shall be a permitted assignee and shall acquire upon all rights and obligations hereunder, Lessee shall be prohibited from assigning or subletting its rights hereunder to a third party, unless Lessor's Director of the Department of Water Resources consents thereto. The provisions hereof shall be covenants running with the land consisting of the Golf Course.

9.8 Recording/Filing. This agreement shall be recorded in the office of the Washoe County Recorder. A copy of this Agreement may be given to the Nevada State Engineer or Federal Water Master. Lessee shall be solely responsible for all recordation and state or local administrative fees associated with the subject matter of this Agreement. Upon termination the Parties shall forthwith execute and cause to be recorded a notice of termination in a form satisfactory to Lessee. Lessor's Director of the Department of Water Resources shall be authorized to execute said notice of termination on behalf of Lessor.

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9.9 Future Cooperation. Each party shall at the request of the other, at any time execute and deliver to the requesting party all such further instructions as may be necessary or appropriate in order to effectuate the purpose and intent of this agreement.

9.10 Use of Gender. As used in this Agreement, the masculine, feminine, or neuter gender, or the singular or plural number, shall each be considered to include the others whenever the context so indicates.

9.11 Commissions. Except as specified herein, the parties represent to each other that they have not used the services of any real estate broker or person who may claim a commission or finders fee with respect to this transaction and each agrees to indemnify, defend and hold the other harmless from broker compensation claims or finder's fees arising from allegations of an agreement with this indemnifying party.

9.12 Calculation of Time. All periods of time referenced to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday or State or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday, state or national holiday.

9.13 Interpretation. The parties hereto acknowledge and agree that each has been given the opportunity to review this Agreement with legal counsel independently. The parties have equal bargaining power and intend the plain meaning of the provisions herein. In the event of an ambiguity in or dispute regarding the interpretation of this Agreement, the interpretation of this Agreement shall not be resolved by any rule of interpretation providing for the interpretation against the party who causes the uncertainty to exist, or against the draftsman.

9.14 Authority. Any entity signing this Agreement and each agent, officer, director or employee signing on behalf of such entity represents and warrants that said Agreement is duly authorized by and binding upon said entity.

9.15 Headings. Headings used in this Agreement are used for reference purposes only and do not constitute substantive matter to be considered in construing the terms of this Agreement.

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9.16 Not a Partnership. The provisions of this Agreement are not intended to create, nor shall they be in any way interpreted or construed to create, a joint venture, partnership, or any other similar relationship between the parties.

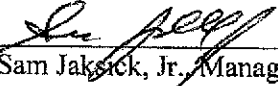
9.17 No Third Party Beneficiary Rights. This Agreement is not intended to create, nor shall it be in any way interpreted or construed to create third party beneficiary rights in any person not a party hereto.

9.18 Attorneys Fee and Costs. In any dispute between Parties arising in whole or in part from the rights or obligations of this Agreement, the prevailing Party shall be entitled to an award of reasonable attorneys fees and all costs incurred.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

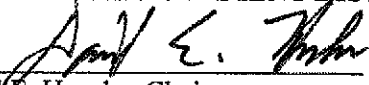
LESSEE:

MONTREUX GOLF CLUB, LTD.,
a Nevada limited liability company

By: 
Sam Jakack, Jr., Managing Member

LESSOR:

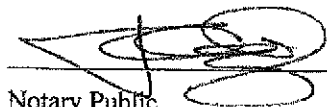
SOUTH TRUCKEE MEADOWS
GENERAL IMPROVEMENT DISTRICT

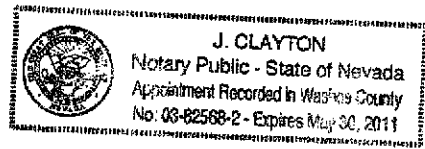
By: 
David E. Humke, Chairman

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STATE OF NEVADA
COUNTY OF WASHOE

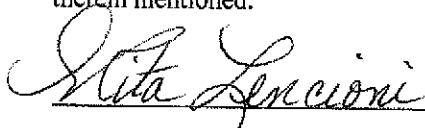
On this 23rd day of JUNE, 2009, before me a Notary Public in and for the County of WASHOE, State of NEVADA, personally appeared SAM JAKSICK, JR., known to me to be the person(s) described herein and who executed the foregoing instrument and who acknowledged to me that he executed the same freely and voluntarily on behalf of Lessee for the uses and purposes therein mentioned.

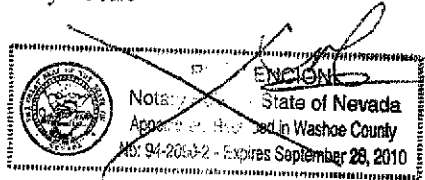

Notary Public



STATE OF NEVADA
COUNTY OF WASHOE

On this 14th day of July, 2009, before me a Notary Public in and for the County of Washoe, State of Nevada, personally appeared David E. Humke known to me to be the person described herein and who executed the foregoing instrument and who acknowledged to me that he executed the same freely and voluntarily on behalf of Lessor for the uses and purposes therein mentioned.


Notary Public



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EXHIBIT A

STMGID GALENA CREEK SURFACE WATER RIGHTS

Lessor has the follows Galena Creek Surface Water Rights, more particularly described as
:

<u>Priority</u>	<u>Claim No.</u>	<u>Permit No.</u>	<u>Certificate No.</u>	<u>Amount of (a.f.)</u>
1858	652	25335	8477	36.96

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